

2004-2005 W-2 Contracts Update
Department of Workforce Development

I. Background

A. Philosophy

- DWD and Doyle administration are committed to the W-2 program and continually strengthening it
- DWD believes that W-2's emphasis on jobs and job development is the most important aspect of the program
- DWD believes that W-2 must work in all parts of our state and that we must successfully connect participants to work

B. First Quarter of 2004-05 W-2 Contract Cycle was Atypical

- Early in contract cycle
- New consortia were established with some transition challenges
- New leadership and contracts in large agencies and regions, especially in Milwaukee where 79% of our paid caseload exists
- Contracts started during period of slow economy, higher unemployment and high loss of state manufacturing jobs

C. Improvements in Wisconsin's Economy

- The Wisconsin economy has recently shown greater strength and the highest job growth in the Midwest
- April 2004 unemployment rate is lowest in three years since April 2001

D. W-2 Resources Are Available to Address Possible Need

- \$21.8 million in W-2 resources are available (\$6.1 million with DWD and \$15.7 million with Joint Finance Committee) to address additional possible needs

II. Estimates of Future W-2 Benefits Needs Vary

- If expenditures of first quarter were to continue at same growth levels without any additional improvements in the economy or without any changes in program operations, some W-2 agencies would need additional resources for benefits during 2004-05 W-2 contracts
- DWD, in collaboration with its W-2 partners, is identifying adaptations to the administration of the program and different methodologies and strategies to manage the caseload and best estimate its size and benefit needs
- This calculation process is underway and firmer estimates, as well as program adaptations to control costs, will be available in June

W-2 Benefits Projection Methodologies	Possible Shortfall Through 12 /05 Subtracting Available Resources of \$21.8 M and Before Program Changes
Contract 02-03 benefits	\$4,900,000
24 month rolling average (through April 04)	(\$2,788,212)
12 month rolling average (through April 04)	(\$14,597,622)
Year – to – date (through April 04)	(\$27,428,834)
W-2 agency survey*	(\$27,215,406)

III. **Possible W-2 Adaptations Being Considered in Collaboration with W-2 Partners that Will Generate Additional Savings Within Contract Period, such as:**

A. Short-term strategies

- Reasserting W-2 as an employment and training program
- Case closure instructions for non-participation and loss of contact
- Partial CSJ policy
- Opportunities for employment offered during application process
- Moving work-ready CSJ participants into employment more quickly
- Use of some of available resources as incentives for caseload reductions
- Identify and resolve CARES processing irregularities
- Eliminate unnecessary state regulations without compromising services to participants
- Strengthen child support collection
- Work more aggressively with employers to fill jobs in existing workforce shortage areas such as nursing home assistants, home health care aides, hotel, restaurant and movie theater workers, retail sales, etc.

B. Medium-term strategies

- Early engagement in employment and training services that prepare participants to obtain and retain employment
- W-2 programming that assumes CSJ participants will soon be part of the work force
- Work sites, short-term training and other services that better prepare participants for employment
- Establishing a forum for ongoing sharing of best practices and savings
- Staff training and monitoring that reflects program priorities
- In next state budget, possible consideration of support for initiatives such as WAA, transportation, Community Reinvestment, job loans, and Trial Jobs Plus

C. Long-term strategies

- Better service connections between W-2 agencies and WIA programming, technical college system and other workforce systems to assist entry level W-2 graduates advance in the workplace and achieve economic self-sufficiency
- Integrated service delivery for W-2/DVR participants
- System improvements in transitioning W-2 participants to SSI

*Results have not yet been evaluated